

Message Text

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S E C R E T SECTION 01 OF 02 CAIRO 8223

EXDIS

E.O. 11652: GDS
TAGS: PFOR EG US IS UR
SUBJ: SADAT MEETING WITH NDU/ICAF GROUP

REF: ALEXANDRIA 363

SUMMARY. SADAT TOLD NWC ICAF GROUP MAY 14 THAT ARABS ARE READY FOR PEACE SETTLEMENT THIS YEAR AND HE HAD FOUND PRES CARTER "VERY UNDERSTANDING" AND A "STATESMAN NOT A POLITICIAN". PALESTINIANS ARE CORE OF PROBLEM AND MUST BE IN GENEVA. SOVIETS WILL BE "MORE EXTREMIST THAN REJECTION FRONT". HOWEVER, IT IS NOT SOVIETS WHO COUNT, BUT US. ISRAEL CANNOT IMPOSE PEACE. NATURE OF PEACE IS ENDING STATE OF BELLIGERENCY. HE AGREES TO GUARANTEES FOR ISRAEL AND DMZ'S ON RECIPROCAL BASIS BUT BEYOND THIS IS IMPOSING CONDITIONS AND "WE ARE NOT READY FOR THIS" SINCE IT "PURE MATTER OF SOVEREIGNTY." SAUDI DECISION TO LIMIT OIL PRICE INCREASE TO FIVE PERCENT "AIMED TO TELL CARTER THAT WE ARE READY TO GUARD YOUR INTERESTS IN THE AREA." SAUDIS ARE READY TO PROVIDE FOR BUILDING UP OF US STRATEGIC RESERVES OF OIL IF THE US DESIRES AND "THEY ARE PREPARING TO TELL YOU THAT." DIFFERENCES IN ARAB WORLD ARE ONLY OVER TACTICS NOT OBJECTIVES WHICH REMAIN RETURN OF ALL LAND OCCUPIED IN 1967 AND NO COMPROMISE ON PALESTINIAN QUESTION. SOVIETS VERY ACTIVE IN AFRICA WHILE US "PREOCCUPIED" WITH AFTERMATH OF WATERGATE,

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VIETNAM COMPLEX AND PRESIDENTIAL ELECTIONS. HE NEEDS AREMS TO DEFEND HIMSELF AGAINST SOVIETS. HE AND ASAD HAVE AGREED TO DMZS AND HE WOULD TAKE INTO ACCOUNT DIFFERENCES IN SIZE OF EGYPT AND ISRAEL. HE IS READY TO ACCEPT US PERSONNEL AS OBSERVERS BECAUSE HE TRUSTS US. PALESTINIANS WILL TAKE MORE FORMAL STAND WHEN THEY ARE RECOGNIZED. ONLY US IS IN POSITION TO SAVE FACE OF BOTH PLO AND ISRAEL AND IT SHOULD OPEN DIALOGUE WITH PLO

TO OVERCOME THIS PSYCHOLOGICAL BARRIER. PLO LEADER KHALID FEHUM IS VISITING JORDAN TO BEGIN TALKS ON LINK BETWEEN PALESTINIAN STATE AND JORDAN BUT PALESTINIANS STILL MAINTAIN INDEPENDENT STATE SHOULD BE CREATED BEFORE LINK ESTABLISHED. HE IS OPTIMISTIC ABOUT EGYPTIAN ECONOMY AFTER 1980. POPULATION PROBLEM IS VERY GREAT BECAUSE PEOPLE IN THE COUNTRYSIDE ARE AGAINST IT FOR RELIGIOUS REASONS. END SUMMARY.

1. IN ADDITION TO COMMENTS MADE REFTEL ON FAHMY-GROMYKO MEETING IN JUNE AND ON USSR, PRESIDENT SADAT MADE FOLLOWING COMMENTS IN MAY 14 WITH NATIONAL DEFENSE UNIVERSITY/ICAF IN RESPONSE TO QUESTIONS. SADAT STRESSED HE WISHED TO SPEAK CANDIDLY AND ASKED THAT HIS COMMENTS BE HELD IN STRICT CONFIDENCE. HE WAS ASSURED BY GROUP LEADER THAT HIS REQUEST WOULD BE HONORED.

2. CHANCES FOR PEACE. MOST APPROPRIATE TIME FOR PEACE SETTLEMENT WAS WITHIN THIS YEAR. ARAB SIDE HAS NEVER BEEN SO READY FOR PEACEFUL SOLUTION. IT WILL DEPEND ON ISRAEL. HE HAD FOUND PRESIDENT CARTER "VERY ENCOURAGING", "VERY UNDERSTANDING", AND A "STATESMAN NOT A POLITICIAN." "IF US WANTS PEACE, WE CAN REACH IT THIS YEAR."

3. ROLE OF PLO AND USSR AT GENEVA. PALESTINIANS ARE "CORE OF THE PROBLEM." PRESIDENT CARTER HAS MADE "SOME VERY ENCOURAGING STATEMENTS WHICH GIVE GREAT HOPE ABOUT THE PALESTINIAN ISSUE." PALESTINIANS MUST BE IN GENEVA. SOVIETS WILL USE THEIR ROLE AS CO-CHAIRMAN TO HAVE A Foothold IN THE AREA AND BE "MORE EXTREMIST THAN REJECTION FRONT IN ORDER TO FIND A ROLE FOR THEMSELVES." HOWEVER, IT IS NOT SOVIETS WHO COUNT, BUT US.

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4. PROSPECTS FOR NORMALIZATION. "SPEAKING FRANKLY" THERE IS MISUNDERSTANDING CREATED BY ISRAEL THAT HIS POSITION IS THAT PEACE MUST WAIT FOR NEXT GENERATION. THIS IS NOT SO. "I HAVE SAID I AM READY TO SIGN A PEACE AGREEMENT." BEN-GURION'S THEORY OF IMPOSING PEACE ON THE ARABS HAD NOT WORKED. "PEACE CANNOT BE IMPOSED BUT MUST BE AGREED TO." ISRAELIS TALK OF PEACE AS MEANING DIPLOMATIC RELATIONS AND OPEN BORDERS, BUT IN EGYPTIAN VIEW THIS WOULD BE IMPOSED CONDITIONS. "IT IS UNPRECEDENTED IN HISTORY THAT SUCH CONDITIONS BE IMPOSED IN PEACE AGREEMENTS AFTER WARS." "LET US SIGN PEACE AGREEMENT" WHICH CONTAINS FOLLOWING ELEMENTS: AN END TO BELLIGERENCY; FULFILLMENT OF UN RESOLUTIONS 242 AND 338; A PALESTINIAN STATE COMPRISED OF THE WEST BANK AND GAZA WITH A CORRIDOR; AND GUARANTEES TO ASSURE ISRAEL, INCLUDING IF THEY WISH A DEFENSE PACT WITH THE US. "THE NATURE OF PEACE IS ENDING THE STATE OF BELLIGERENCY." HE AGREES TO GUARANTEES FOR ISRAEL AND DEMILITARIZED ZONES (DMZ) ON RECIPROCAL BASIS. "BEYOND THIS IS IMPOSING CONDITIONS AND WE ARE NOT READY FOR THIS." CONDITIONS SUCH AS SUGGESTED BY

ISRAEL ARE "PURE MATTER OF SOVEREIGNTY."

5. ROLE OF SAUDI ARABIA AND ARAB UNITY. SAUDI DECISION TO LIMIT OIL PRICE INCREASE TO FIVE PERCENT "AIMED TO TELL CARTER THAT WE ARE READY TO GUARD YOUR INTERESTS IN THE AREA." NINETY-NINE PERCENT OF US INTERESTS IN THE MIDDLE EAST ARE WITH THE ARABS. SPEAKING "CONFIDENTIALLY", SAUDIS ARE READY TO PROVIDE FOR BUILDING UP OF US STRATEGIC RESERVES OF OIL IF THE US DESIRES. "THEY ARE PREPARING TO TELL YOU THAT." EGYPT IS "CLOSELY COORDINATING ITS POLICY WITH SAUDI ARABIA." WITH REGARD TO ARAB UNITY, ONE SHOULD "NEVER HEED THE BARKING IN THE ARAB WORLD." DIFFERENCES IN THE ARAB WORLD ARE ONLY OVER TACTICS NOT OVER OBJECTIVES, BUT ISRAEL HAS NEVER RECOGNIZED THIS FACT. ARABS HAVE TWO MAJOR PRINCIPLES ON WHICH THERE IS UNANIMITY: NOT TO GIVE UP AN INCH OF LAND OCCUPIED IN 1967 AND NO COMPROMISE ON THE PALESTINIAN QUESTION. "PEACE WOULD CONSOLIDATE ARAB UNITY AND WILL BE IN THE INTERESTS OF PEACE AND OF THE US." REJECTIONISTS SUCH AS
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QADHAFI HAVE NO REAL INFLUENCE.

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6. AFRICA. US HAS BEEN "PREOCCUPIED" WITH AFTERMATH OF WATERGATE "VIETNAM COMPLEX" AND PRESIDENTIAL ELECTIONS. AS RESULT, SOVIETS HAD HAD A FREE HAND IN ANGOLA. SOVIETS "VERY ACTIVE" AND EGYPT CONSIDERS THIS A THREAT. HE WANTS US HELP WITH ARMS AND ITS ECONOMY TO HELP HIM RESIST THE COMMUNISTS. ETHIOPIA HAS NOW BEEN DECLARED A "PROGRESSIVE REGIME" DESPITE THE MASSACRE

BY MENGISTU OF HIS RCC COLLEAGUES. SOVIET ARMS ARE POURING INTO ETHIOPIA THROUGH LIBYA. "IF ETHIOPIA INVADS SUDAN, I WILL FIGHT." HE ASKED THAT US GIVE HIM AREMS WITH WHICH TO DO SO. HE WILL, HOWEVER, FIGHT TO DEFEND HIMSELF WITH OR WITHOUT US HELP.

7. DMZS AND OBSERVER PERSONNEL. HE HAD AGREED TO DMZS ON RECIPROCAL BASIS. ASAD, TOO, HAS AGREED. SADAT HAD CONFIDENTIALLY TOLD PRES CARTER HE WOULD TAKE INTO ACCOUNT DIFFERENCE IN SIZE OF EGYPT AND ISRAEL. ALL ARABS COULD AGREE TO HAVE UN PERSONNEL ON BORDERS. ISRAELIS, HOWEVER, WANT "FRONT POSTS" ON SOVEREIGN ARAB TERRITORY. "NO ARAB WILL AGREE TO THIS." IN DMZ "I AM WILLING TO HAVE US PERSONNEL, BUT NOT SOVIETS OR ANYONE ELSE, BECAUSE I TRUST YOU." HE DID NOT KNOW SYRIAN POSITON WITH REGARD TO US PERSONNEL. HE DID KNOW, HOWEVER, THAT USSR WOULD BE "VERY FURIOUS" BECAUSE IT WOULD DEMONSTRATE THAT US HAD "THE UPPER HAND". AS FAR AS EGYPT IS CONCERNED, "I AM READY TO HAVE YOU FOR A WITNESS."

8. VIEWS OF SADAT CONTRADICTED BY PNC. ISRAELIS ARE "DELIBERATELY PLANTING MISUNDERSTANDING". PNC CONVENED IN CAIRO AND DECLARED
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THEY ARE READY TO ACCEPT PALESTINIAN STATE ON WEST BANK AND GAZA, WHEREAS FORMERLY THEY SAID THEY MUST HAVE ALL OF PALESTINE. FRANKLY, ISRAEL IS ALREADY RECOGNIZED BY MANY COUNTRIES, INCLUDING US WHICH PROVIDES IT WITH "EVERTHING FROM LOAVES OF BREAD TO PHANTOMS" WHEREAS PALESTINIANS HAVE NOTHING. ARAFAT HAD TOLD HIM AFTER HIS VISIT TO MOSCOW THAT BREZHNEV SAID TO ARAFAT "GO MAKE A DECISION TO RECOGNIZE ISRAEL." EVERYONE RECOGNIZES ISRAEL, BUT NO ONE RECOGNIZES PALESTINIANS. PALESTINIANS SAY RECOGNIZE THEM FIRST, THEN THEY WILL TAKE MORE FORMAL STAND. ONLY US IS IN POSITION TO SAVE FACE OF BOTH PLO AND ISRAEL. IF US BEGINS DIALOGUE WITH PLO THIS COULD BE FIRST STEP. SEVENTY PERCENT OF THE MIDDLE EAST PROBLEM IS PSYCHOLOGICAL AND ONLY 30 PERCENT IS SUBSTANCE AND THIS IS ONE OF PSYCHOLOGICAL PROBLEMS.

9. LINK BETWEEN PALESTINIANS STATE AND JORDAN. "THERE SHOULD BE A LINK BETWEEN PALESTINIAN STATE AND JORDAN AND THIS LINK SHOULD BE DECLARED OFFICIALLY BEFORE THE CONVENING OF THE GENEVA CONFERENCE."

PNC AGREED TO LINK BUT MAINTAINED THEY MUST WAIT UNTIL CREATION OF INDEPENDENT PALESTINIAN STATE, AND THEN ESTABLISH THE LINK. THE KIND OF LINK THEY ESTABLISH IS UP TO THEM. PLO LEADER KHALID FAHUM IS VISITING JORDAN TO BEGIN TALKS ON THIS SUBJECT.

10. STATE OF ECONOMY. EGYPT HAS ABUNDANCE OF EDUCATED CADRES, LAND, WATER AND EXCELLENT SYSTEM OF TRADITIONAL AGRICULTURE. IN 1960S IT NEGLECTED SERVICES AND AGRICULTURE AND CONCENTRATED ON INDUSTRY WITH ADVERSE RESULTS. THE ARAB STATES HAVE HELPED A GREAT DEAL. BY END OF 1980 THERE WOULD BE SEVERAL OTHER

POSITIVE FACTORS: (A) ONE MILLION B/D FROM AMOCO; (B) 22 OIL CONCESSIONS HAVE BEEN GRANTED IN WESTERN DESERT; (C) GAS HAS BEEN FOUND NEAR ALEXANDRIA AND A FERTILIZER COMPLEX IS BEING BUILT IN PARTNERSHIP WITH KUWAIT; (D) GAS HAS BEEN FOUND IN THE WESTERN DESERT; AND (E) WIDENING OF SUEZ CANAL BEING DONE BY JAPANESE WHICH WILL ENABLE 250,000 TONS TANKERS FULLY LOADED TO PASS THROUGH CANAL. CONSULTATIVE GROUP MEETING IN PARIS HAD DISCUSSED AND
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APPROVED EGYPT'S PLAN AND DECIDED TO GIVE \$2 BILLION THIS YEAR AND RESCHEDULED ANOTHER \$2 BILLION. HE IS VERY OPTIMISTIC BECUASE EGYPT HAS LAND, WATER, OIL AND GAS AND THE HELP OF ITS FREIENDS.

11. POPULATION PROBLEM. IT IS A "VERY GREAT PROBLEM FOR ME." NEW CITIES MUST BE ESTABLISHED SINCE CAIRO IS ALREADY OVER 8 MILLION. PEOPLE IN THE COUNTRYSIDE ARE AGAINST POPULATION CONTROL MEASURES FOR RELIGIOUS REASONS. "RELIGION IS PART OF OUR BLOOD." SADAT SAID EXPERIENCE OF INDIRA GANDI SHOWED WHEN SHE BEGAN STERILIZING MEN IT CONTRIBUTED TO HER LOSS IN THE ELECTION. "IF I TRIED SUCH THINGS AS STERILIZATION, THEY WOULD THROW ME OUT."

12. REPRESENTATIVES OF THE NATIONAL DEFENSE UNIVERSITY AND ICAF PRESENTED PRESSADAT WITH A PLAQUE AND A GIFT BOOK FOR HIS FAMILY.
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Message Attributes

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